



**agriculture,
forestry & fisheries**

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

BUDGET VOTE SPEECH

BUDGET VOTE 24:

AGRICULTURE, FORESTRY AND FISHERIES

DELIVERED BY

HON. SENZENI ZOKWANA (MP)

MINISTER

16 MAY 2018

Honourable Chairperson

Honourable Ministers

Honourable Deputy Minister Sfiso Buthelezi and other Deputy Ministers

Chairperson and Members of the Portfolio Committee on Agriculture,

Forestry and Fisheries

MECs of Agriculture

Members of Parliament

Distinguished guests

Ladies and gentlemen

I greet you all and I am honoured to be afforded this opportunity to present the Budget Vote for Agriculture, Forestry and Fisheries.

Hon. Members, 2018 has been declared the year of Nelson Rolihlahla Mandela and Mama Nontsikelelo Albertina Sisulu who would have celebrated 100 years. As we commemorate these great stalwarts of our liberation let us also remember those we have lost and may their spirit of sacrifice and service continue to inspire all that we are and all that we do.

OVERVIEW

Honourable members, last year when I presented the budget vote, the country's economic growth expectation was bleak following the credit downgrade by two ratings agencies.

Despite the fact that our sector's allocated budget was only R6 807 billion, 1% lower than the current year; it is worth noting that the sector

has managed to achieve positive growth pulling South Africa out of a technical recession.

ROLE OF THE SECTOR IN THE SOUTH AFRICAN ECONOMY

SUSTAINED GROWTH

The South African economy grew by 1.3% in 2017, exceeding National Treasury's expectation of 1.0% growth announced during the National Budget Speech in February last year.

The strengthening in economic activity in 2017 was partly driven by the agriculture, forestry and fisheries sectors recovering from one of the worst droughts in recent history. The sectors' contribution to the GDP was 2.4% in 2017. The sectors have expanded for four consecutive quarters. The growth in the industry is attributed to the increase in the production of field crops, horticulture and animal products. We remain concerned over the impact of the ongoing drought affecting deciduous fruit, citrus, grape and wheat farming.

The total volume of South African agriculture production for 2017 was estimated at 62.9 million tonnes compared to 50.8 million tonnes in 2016. This represents a 24% increase in production, which is attributed to the bumper summer crop harvest following good rainfalls during the season.

To address the call by the President for an ambitious investment drive alongside the implementation of necessary economic reforms; our response is as follows Chairperson.

In South Africa, higher levels of agricultural productivity can be realised through substantial investments in agricultural research and development that also promotes equitable growth in the sector.

In order to reform the agriculture sector which is in the hands of the few, the re-engineering of conditional grants, specifically the Comprehensive Agricultural Support Programme (CASAP) and Ilima Litsema becomes imperative.

I am sounding a clarion call that it can no longer be business as usual.

We need to change the manner in which we manage the funds we have, in order to achieve inclusive economic growth that is developmental in approach and encompasses the ambitions of the youth of this country and our women in particular.

As such, these Programmes will be managed by an entity of the Department that is competent in all the pillars that the programmes seek to address.

JOB CREATION

The President in his State of the Nation address emphasized the strategic role of the sector by indicating that, "...agriculture has made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2017."

Aquaculture is an important growth sector and a priority for the country led by my Department. It has demonstrated potential for growth over the past 10 years. Aquaculture offers a significant opportunity to contribute

to food security and nutrition, rural development, job creation and the GDP of the country.

There are currently 36 Operation Phakisa aquaculture projects, 26 of which are in production. At least 15 of these projects represent small scale entities. The total investment committed to Operation Phakisa aquaculture projects is Six Hundred and Ninety Million Rands (R690 million), of which government committed Two Hundred and Twenty Seven Million Rands (R227 million). The total jobs created across Operation Phakisa aquaculture projects in 2016/17 is One thousand, eight hundred and six (1 806) on twenty six (26) registered aquaculture farms. A total of three thousand and five hundred (3 500) tonnes of aquatic animal products was produced from these aquaculture projects.

The Aquaculture Bill presented to Cabinet recently will provide a legislative framework for sector development. It is envisaged that aquaculture production will increase to twenty thousand (20 000) tonnes resulting in an additional two thousand and five hundred (2 500) direct jobs and fifteen thousand (15 000) jobs in the value chain by 2019, and an additional investment of five hundred million rands (R500million).

Further opportunities and livelihood alternatives in the fishing communities will be created through the continued implementation of the Expanded Public Works Programme (EPWP) in coastal and rural communities under the Working for Fisheries Programme. The department aims to create of one thousand eight hundred and five (1 085) full time jobs under this programme.

Partnerships with several coastal municipalities and investors have been formed to rehabilitate abandoned fish processing plants in order to process fish for major retailers, which include Woolworths and WiseFoods in the United Kingdom. The beneficiaries of these will be the right holders of the community co-operatives who will eventually own the facilities. This is part of the implementation of the small scale fisheries policy which was approved by Cabinet.

POVERTY REDUCTION- FOOD SECURITY

South Africa has been self-sufficient in most agriculture products with the exception of wheat, poultry and red meat. Between 50% and 60% of the country's wheat requirement is imported, due to the fact that it is cheaper to import than to produce locally. We must therefore continue to look for solutions to reverse this unbalanced situation.

Grains remain an important part of our food and nutrition security initiatives. Accordingly, the Agricultural research Council (ARC) has developed and disseminated at least seven (7) new grain cultivars for improved yields and productivity in South Africa.

We hope our farmers will adopt these cultivars to increase our production of wheat and reduce the country's import bill. This will also promote greater affordability to allow more South Africans to consume bread and other wheat products.

Our investments in research and development continue to yield good results for market access. I am happy to report that in February this year, the ARC, launched a new table grape, "Joybells" at the World's largest fruit exhibition in Berlin.

This table grape variety was well received by producers and fruit traders in the global market. Already, more than fifty thousand (50 000) cartons of Joybells were sold across Europe and the UK, producers and exporters from South Africa are expanding sales into other world markets. At least two hundred (200) hectares, and expanding, have been planted in South Africa to produce this table grape variety.

SECTOR TRANSFORMATION

The President has indicated that Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs.

In addressing the developmental challenges in the sector and to achieve policy imperatives of National Development Plan (NDP), National Growth Path (NGP), Agricultural Policy Action Plan (APAP), Revitalisation of Agriculture and Value Chains (RAAVC) and Land Reform; farmer training is crucial.

Colleges of Agriculture are best suited to offer practical accredited training for farmers, agricultural technicians, producers, processors, and farm managers.

Colleges of Agriculture are playing a pivotal role in Agricultural Vocational Education and Training (ATVET) through a Three-year Diploma qualification and the vocational skills training to farming communities, youth and women. Correctly elevating these Colleges to become a national competency, as it is the case with TVET Colleges will help us ensure that we position them to strategically respond to the agri-

skills shortage challenge in a more comprehensive and uniform manner in their management.

On average, each College admits four hundred (400) full time students per College and train one thousand (1000) Farmers per annum and this relates to close to one thousand (1000) potential entrant farmers and over ten thousand (10 000) skills trainings per year.

As government intensifies and accelerates the land redistribution programme to address historical injustices; for my department this presents an opportunity to bring more producers into the agricultural sector; in order that the aspirations of our people may be realised.

We need to be at the forefront of ensuring that we impart relevant vocational skills and formalise indigenous knowledge systems; which as part of our heritage, have been passed on from generation to generation.

This year my department will be placing one thousand (1000) unemployed agricultural graduates within the sector across the nine provinces on a two year internship program; training them to be future agripreneurs. This initiative will contribute in addressing the unemployment challenge in the sector. In support of the sector skills development and transformation, the AGRI-BEE, and Fisheries Transformation Council will champion this initiative.

Chairperson, I would like to acknowledge efforts by some of the transformed, progressive companies in the private sector that endeavour to work with the department in achieving transformation in the fishing

industry. On this note I would like to announce that Sea Harvest, Brimstone and Masisizane Fund of Old Mutual have committed to the establishment of a One Hundred Million Rands (R100 million) fisheries development fund which will be formally launched soon. The objective, of this development fund, Honourable Members is to ensure that we empower small businesses entering the fishing industry in order to truly revitalise the Ocean's Economy.

Government has invested considerably in agriculture to create a favourable and supportive environment for the farming community particularly subsistence and smallholder producers; this includes the support provided by the Development Financial Institutions (DFI) however this support has not translated into meaningful participation of black producers in the agricultural, forestry and fisheries value chains. As a result, these sectors remain untransformed 20 years into our democracy.

This suggests that focus should be given not only to support smallholder production, but to increase the number of black commercial producers. Therefore the Department of Agriculture, Forestry and Fisheries (DAFF) with the assistance of the Dti, the Land Bank, the National Empowerment Fund (NEF) and the IDC developed a programme to commercialize black producers in the agriculture, forestry and fisheries sectors. This is an incentive based programme to provide access for small, medium and large scale black producers in these sectors.

The Land Bank has been identified as the grant fund administrator, but together with commercial banks will provide the loan portion of the funds required to commercialise these producers.

Honourable members, it is necessary to review the mandate of the Land bank to ensure that it is developmental in approach as it is one of the pillars that can drive the required economic reform.

For small scale producers that have a turnover of less than five hundred thousand rands (R500 000) per annum, the development support will remain the responsibility of provincial departments of agriculture in partnership with the commodity associations.

The department continues to support livestock farmers to develop and improve their livestock through dedicated programmes in collaboration with the ARC. One such programme is the KyD (Kaonafatso ya Dikgomo), an animal improvement scheme dedicated to the development and improvement of livestock breeding and production among black farmers. Many participants in this scheme have benefitted through better quality animals as a result of integrating science with production systems; which in turn, has enabled the farmers to get better prices at market for their animals

INTERNATIONAL PARTNERSHIPS

South Africa's agriculture exports increased to R127.85 billion in 2017 from R112.07 billion in 2016, boosted by growth in edible fruits, beverages, spirits as well as prepared fruits, vegetables and nuts. Imports of agriculture products increased by 21% in 2016, from R76.10 billion in 2015 to R91.81 billion. The import value of agriculture products decreased by 5% to R 86.93 billion in 2017, led by processed products such as prepared foods, meat, sugar and beverages.

The South African agriculture products continue to benefit from the Tripartite Free Trade Area agreement of the Southern African Development Community, Common Market for Eastern and Southern Africa and the East African Community.

As we open these markets it will be our concerted effort to be deliberate in ensuring the participation of the historically disadvantaged producers.

IMPACT OF CLIMATE CHANGE ON AGRICULTURE

The Food and Agriculture Organization (FAO) of the United Nations has defined Climate-Smart Agriculture (CSA), as production systems that sustainably increase productivity, resilience (adaptation), reduce Greenhouse gases (mitigation), and enhances achievement of national food security and development goals.

Climate-Smart Agriculture is part the South African national flagship programme being implemented through proven practical techniques and rolled out through existing departmental programmes which promote sustainable agriculture based on the principles of minimum or zero tillage.

DISEASES

The outbreak of listeriosis has led to a decline in the prices of pork in the market and these prices are lower than the input cost margins for the producers. This decline in prices has the potential to also affect the red meat and poultry sectors. In addressing the listeriosis matter, I visited the Tiger Brands facility in Polokwane in March this year and have noted the plan of action devised to address the outbreak. I have subsequently

had constructive engagements with industry on this matter to mitigate the potential spread of the disease which adversely impacts our local pork producers, specifically black small holder farmers.

I would like to take this opportunity to congratulate the DAFF entities for their tireless work in advancing research and innovation to develop new vaccines that will address a number of diseases including new strains.

During the current financial year we intend to strengthen our bio security measures in order to increase our competitiveness as we seek to find new markets.

KEY SUCCESSES

Fighting Illegal, Unregulated and Unreported (IUU) fishing is one of the priorities of the Department. Fisheries Crime is not just a national challenge but it is also a global scourge that undermines governments' poverty eradication efforts.

The fact that Fisheries crime is largely transnational in nature raises the need for organised global communities to work together in addressing illegal fishing. South Africa is a member of Interpol and consequently my Department is an active member of the Interpol Fisheries Crime Working Group whose fundamental objective is to enhance collaborative efforts for the purpose of combating Fisheries Crime which includes poaching of Abalone and other marine resources.

My Department has gained victory in pursuing Arnold Bengis, a convicted international fishing kingpin following the order instructing, to pay an amount of sixty seven million dollars (\$ 67 million) to South Africa, as the victim of his crimes in overfishing. The monies held by the Trusts associated to him indicate how organised fisheries crime deprives the people of South Africa of economic benefits which could be used for the promotion of domestic coastal initiatives and compliance measures.

Our continued efforts were supported by the judgment out of the Royal Court of Jersey, which on 23 March 2018, dismissed the application to have the freezing order set aside. The department has now triggered diplomatic channels and legal remedies to have the funds held in the trusts returned to South Africa, and we are pursuing the balance of funds in fulfilment of the total sum of \$67 million due to the country.

The Department is also deeply committed to fighting corruption domestically, within our department as well as with external entities opposed to our transformation objectives.

Honourable Chairperson, International fish crime is a global challenge and goes beyond national jurisdictions and is multi-disciplinary in nature.

South Africa's coast line spans just nearly 4,00km presenting an opportunity for economic growth while also rendering us vulnerable in terms of our ability to cover the whole coast and curb fish crimes.

This then becomes a national problem that transcends beyond a national department, as it involves other crimes such human and drug trafficking, which degrades the moral fibre of our society.

Yesterday, Honourable members, during the early hours of the morning, an amount of 7 tonnes of confiscated abalone was stolen from our departmental stores by armed robbers reportedly in police uniform. The department's security services are working with the police on this matter.

Chairperson, there has been much that has been in the public domain regarding the management of our marine living resources and in particular, abalone.

It has become clear that we are not dealing with ordinary criminals, but organised syndicates that at times are aided by our very own officials and our own security apparatus.

It is the reason why I have taken a decision that never again will the department stores be used to store any confiscated form of fish.

In order to reduce the risk of illicit activity by officials within my Department; I am currently engaging with the Departments of Justice, Police and Environmental Affairs to explore a holistic and comprehensive national strategy to combat the scourge of abuse of the

wealth of this country in order to channel the proceeds of this precious resource to the national coffers, where it is needed the most.

Furthermore, my department will never sell any confiscated fish or fish products in the future. Our responsibility and effort will be focused on ensuring that we keep the fish in the sea and we regulate those that fish in our waters.

Over and above this we are currently engaging with the Department of Defence for the appointment of Military veterans to provide compliance and surveillance coverage across our coastline.

The Department remains committed to, and will deal decisively with any and all allegations of corrupt activities, the Department will take equal measures both internally and externally in rooting out those who perpetrate acts of corruption.

CONCLUDING REMARKS

In conclusion, Chairperson and Honourable Members, I would like to thank Deputy Minister Sfiso Buthelezi who brings with him a wealth of experience which will assist the department to re-position itself as a catalyst for economic transformation.

I would like to share some words of optimism from Ms Brenda Schoepp, and I quote “...***my grandfather used to say, that once in your life you***

will need a doctor, a lawyer, a policemen and a preacher but every day -three times a day you need a farmer' close quote.

Hon. Chairperson, it is a privilege for me to present Budget Vote 24 which currently stands at **seven billion one hundred and sixty five million rand** (R7.165 billion)

I therefore commend this budget to the house.

Thank you.

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